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SUBJECT: BULGARIA CAUTIOUSLY OPTIMISTIC - PERHAPS OVERLY SO
- ON EVE OF EU ACCESSION REPORT

Classified By: JEFFREY D. LEVINE FOR REASONS 1.4 B & D

1. (C) SUMMARY: All eyes are on Brussels on the eve of the October 25 European Commission (EC) progress report on Bulgaria's EU accession. The government is engaged in a complex strategy of playing down the public's expectations, encouraging parliament to pass the necessary legislation - particularly in the Justice and Home Affairs (JHA) area - while firmly maintaining its suitability to enter on schedule in January 2007. GOB officials tell us they are certain that Bulgaria is as ready for entry as other recent admitees were 14 months before their accession. The Prime Minister has publicly said Bulgaria should not be held to a higher standard than the others. The upcoming EC report is expected to be another warning to Bulgaria to step up efforts, but is not likely to give a clear signal of whether they will enter in 2007 or be delayed until 2008. The Minister of European Affairs, among others, has warned that the current coalition government would not survive a delayed entry. END SUMMARY

THE BACKGROUND

2. (U) The EU Member States (MS), along with Bulgaria and Romania, signed the Accession Treaty on April 25, 2005 in Luxembourg, with a goal of EU entry on January 1, 2007. Under pressure from states which questioned the two nations' preparedness, safeguard clauses were installed that allow for a delay of one year to January 1, 2008, if the MS feel the countries are not ready. In the case of Bulgaria, delay requires unanimous approval. However, entry also requires that all current MS ratify the accession treaty by December 31, 2006. Bulgaria ratified it on May 11, 2005. Hungary, Slovakia and Slovenia have also ratified so far, with Greece, Italy, Spain, Portugal and the Czech Republic reportedly close.

3. (C) Throughout the last few years of the accession process, Bulgaria had been seen as having a lead on Romania. Many Bulgarians feared their accession could be delayed by Romania's slow progress. However, since the "No" votes on the EU constitution in France and the Netherlands, combined with a slow post-election coalition-building period here, and resultant delays in implementation of much needed reforms, the EC has appeared more hesitant about Bulgaria.

4. (C) Minister for EU Affairs Meglena Kuneva recently told Ambassador Beyrle that delay to 2008 would be very harmful for Bulgaria's economy in addition to damaging the "national psyche." As an example of the damage that could be done, she described how "good" businesses have invested in necessary changes to comply with EU regulations. These businesses will be at a disadvantage in the local market that could threaten their existence if accession is delayed.

5. (C) Perhaps more importantly, however, Kuneva and others fear a delay would shatter the already tenuous governing coalition, leading to even further delays in needed reforms. It is "now or never, with our two-thirds majority in Parliament," Kuneva said. She also asserted to Beyrle that criminal interests profit by the status quo and are working against Bulgaria's entry by slowing implementation of judicial and law enforcement reforms. In addition, Kuneva is concerned that factors outside Bulgaria's control, such as public sentiment in many EU states, overall enlargement fatigue, and an unspoken understanding within many EU states that neither Bulgaria nor Romania are especially desirable countries, could trip them up. There is also the deterrent factor: delaying Bulgaria's (and Romania's) entrance would send a very effective message to Croatia and Turkey that the EU is serious about maintaining its standards.

THE EFFORT CONTINUES

6. (C) Bulgaria is working hard towards a 2007 entry. Externally, the GOB is trying to speed up the ratification process in the MS. Internally, Bulgaria has several commitments to work on, including implementation of EU criminal justice directives. Kuneva said the implementation process has been very good for modernizing Bulgaria. She ticked off efforts at revamping the criminal procedure code,

legal aid, witness protection, court administration, restructuring of the Ministry of Interior, and other accomplishments as evidence of Bulgaria's progress. Kuneva also pointed to several scandals in the current MS, e.g. Parmalat, to show Bulgaria is not the only source of corruption in Europe. She also mentioned to Ambassador Beyrle that in Bulgaria much depends on the personalities involved in key areas, and stressed the need for strong, clean figures as heads of the Supreme Court (Cassation), Constitutional Court, and the Prosecutor General's Office.

17. (C) The Head of the EC Delegation in Sofia, Dimitris Kourkoulas, told the Ambassador that there is no question of "whether" Bulgaria gets into the EU, only of "when." Kourkoulas said that of the five areas listed in a June 2005 "early warning letter" as needing improvement, only failure to act decisively in JHA areas - particularly to reform the judiciary and combat corruption - would be a deal-breaker. Kuneva also acknowledged Bulgaria's need to strengthen efforts in the justice field. Three other areas - freedom to provide services, agriculture, and environment - all hold financial incentives for Bulgaria to act quickly, so the EC is not worried about their eventual implementation. In the fifth area, IPR protections, the EU is deciding how hard to come down on Bulgaria's efforts.

18. (C) The Comprehensive Monitoring Report, which the EC will issue on October 25, will assess progress up to September 30 this year, and will highlight remaining shortcomings. Kourkoulas told us he expected the report to be another strongly-worded but open warning, with no clear indication of whether Bulgaria will enter in '07 or '08. He thought Bulgaria and Romania would be linked. The EC will release the final monitoring report in March 2006, along with its final recommendation. The heads of government of the EU MS will make the final decision in June 2006.

19. (C) Kourkoulas cautioned the Ambassador that in an extreme case, if MS vote to delay entry until '08, it could set off a chain of unforeseen events that could block the accession of new entrants. Kourkoulas agrees that a delay could bring down the current coalition in Bulgaria, and could also give current EU opponents of enlargement momentum to close the doors. The EC is under public pressure to show it is seriously enforcing its requirements, and to show EU citizens that their opinions on the future of their Union are considered. Kourkoulas said a successful entry will help Bulgaria substantially, both economically and politically, and will act as a model for both the Western Balkans and Turkey. Personally Kourkoulas feels that Bulgaria will move more quickly on reforms through their entry. However, he acknowledged that some MS do not think Bulgaria is ready to join the team.

110. (C) COMMENT: Bulgaria is at a crucial point in its post-communist transition. The new government has its full focus on preparations for a January 2007 entry, and is continuing the legislative and constitutional marathon begun by its predecessors. The government has also asked for our political support of its 2007 entry. There are many issues beyond Bulgaria's control that could slow their entry. However, much of the country's future success depends on its ability to quickly and decisively move forward with serious reforms in order to convince the EC of Bulgaria's readiness to play in the big leagues. END COMMENT
LEVINE